Corporate Profile: A three-year process of efficiently finding and developing quality reserves in two core regions of western Canada has generated solid growth in all value measures for Calgary-based Gauntlet Energy Corporation. The combination of technical excellence and management expertise, thoughtful risk management and growth strategies, and a detailed business plan to which the Company has unfailingly adhered, has resulted in record performance. Gauntlet is listed on the Toronto Stock Exchange, symbol GAU.

2001 ANNUAL REPORT

GAU 2001
Cash flow $17,215,242
CFPS $1.21
up >80 percent

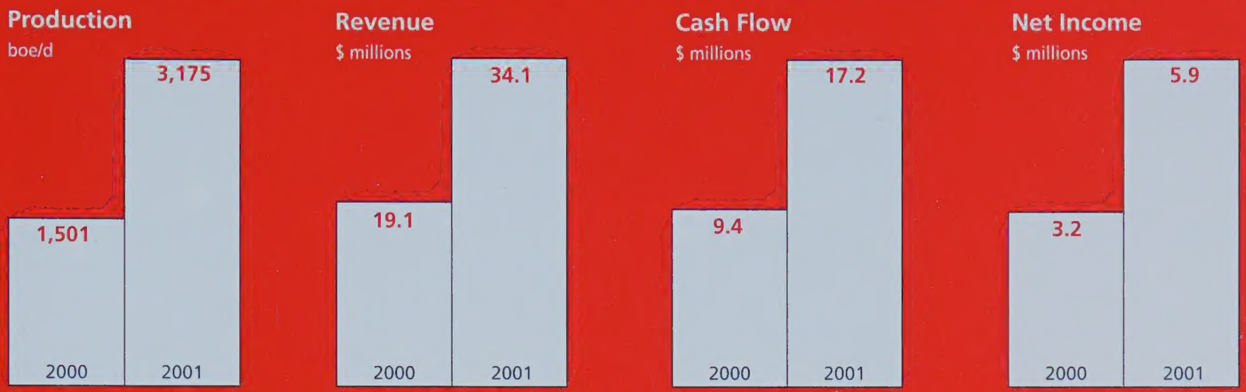
TO OUR SHAREHOLDERS: In 2001, GAUNTLET ENERGY CORPORATION recorded its second full year of operation. It was a record year in terms of production, reserves additions, cash flow, earnings and per share value growth. It was a year that Gauntlet produced an industry-leading finding and development cost and recycle ratio. Beyond the numbers, it was a year that saw the initial benefits of a business plan that has been followed to the letter since we began. ✦ The goal was, and remains, to add the most per share value possible. Our focus is finding new, primarily gas reserves by the drill bit in Central and Northern Alberta and efficiently tying them in. This is accomplished by adhering to a risk managed approach and by increasing capital applied to higher impact projects as the Company grows. At the same time, we intended to grow substantially using cash flow and appropriate use of debt in order to minimize dilution, and maintain a healthy balance sheet. ✦ All of the activity during the first two years of Gauntlet allowed an ambitious Northern Alberta drilling and facilities installation program that commenced at the end of 2001. The success of this program is taking the Company to a new level of growth. This has been accomplished with the Company's own prospects, without the aid of acquisitions.

✦ The achievements to date are not by chance, but are the product of a team of the best, highly experienced professionals working in a completely integrated manner. We have taken the expertise of the largest companies and distilled the essential components that add value into a small company formula for successful growth. We've also created an environment where technical expertise and business acumen do not compete, but complement each other. We have provided incentives and all of the technical tools that are required to succeed, and our people have come through. ✦ The keys to success in the exploration and production business have not changed since it began: continuously developing prospects, choosing projects with the best full-cycle economics, understanding risk/reward relationships, appropriate proportioning of risk capital, and monetizing newly found reserves efficiently. What has changed are the development and accessibility of technology, the rigor of the regulatory environment and the breadth of competition. Gauntlet's management recognizes all of these factors, both the enduring success keys and the new realities of the business in the continuous process of executing our business plan. Despite the Company's size, Gauntlet is a leader in the areas where we are active. We will continue to lead in finding new reserves and quickly making them contribute to cash flow. ✦ I am proud of our accomplishments, and very pleased with our record of adding value. I am more excited than ever about the future growth prospects for our Company and look forward to enjoying this with you, our shareholders.

On behalf of the Board,

Laurie Sibbald, *President and Chief Executive Officer.* April 29, 2002.

EFFICIENT GROWTH RECORD



HIGHLIGHTS

	2001	2000	% change
FINANCIAL			
($000's, except for per share amounts)			
Petroleum and natural gas sales	**34,051**	19,060	79
Cash flow from operations	**17,215**	9,380	84
Per share (basic)	**1.21**	0.67	81
Per share (diluted)	**1.05**	0.65	62
Net income	**5,880**	3,185	85
Per share (basic)	**0.41**	0.23	78
Per share (diluted)	**0.36**	0.22	64
Capital expenditures	**25,853**	25,018	3
Total debt (includes working capital deficiency)	**26,814**	18,859	42
Total assets	**65,610**	47,911	37
Shareholders' equity	**27,043**	20,482	32
Common shares outstanding (000's)			
Weighted average			
Basic	**14,225**	13,903	2
Diluted	**16,332**	14,389	14
Period ending December 31			
Basic	**14,588**	13,918	5
Diluted	**17,860**	17,639	1
OPERATING			
Production			
Natural gas (mmcf/d)	**17.8**	7.3	144
Oil and NGLs (bbls/d)	**209**	279	(25)
Equivalent (boe/d) (6:1)	**3,175**	1,501	112
Average selling prices			
Natural gas ($/mcf)	**4.85**	5.62	(14)
Oil and NGLs ($/bbl)	**33.21**	39.00	(15)
Equivalent ($/boe)	**29.38**	34.69	(15)

EXPLORATION AND OPERATIONS

Overview

Gauntlet continued to find new reserves through drilling in 2001. In keeping with our business objectives, these successful wells were also tied-in efficiently – mostly to Company owned and operated facilities.

The exploration program continued to locate high quality gas reservoirs at a range of depths. The Company was successful at acquiring the mineral rights and surface access to all key locations. Drilling operations were made more efficient and costs were lowered. Completion operations continued to be effective. Use of reservoir engineering techniques, including well test analysis, were successfully employed to support determining facility specifications and appropriate production practices. Facility construction, including pipelines and compressor installations, was done in a very efficient and cost effective manner. Production growth and successful field operations resulted in operating costs reduced to attractive levels during the year.

All of these activities were planned and coordinated with a high degree of precision. This was especially evident in the North, where our first well was drilled and tied-in during the 2000/2001 winter drilling season. During the 2001/2002 winter drilling season, the scale of drilling and facilities construction increased exponentially with the same result. All successful wells from this program are tied-in and are expected to be on production by the end of Q2 2002.

Central Alberta Program

In Central Alberta, the activity was focused on step-out and development drilling and facilities optimization. Sixteen wells were drilled in Central with nine of these on stream at the end of the year, all sweet gas producers.

Early in the year, the facility at Three Hills Creek was expanded to handle approximately 13 mmcf/d, and field compression was installed in the area. Continued Gauntlet drilling in the area is planned in 2002. Some third party processing is also being handled on behalf of area producers for a processing fee at both the Three Hills Creek and Twining facilities.

Gauntlet continues to add prospects in Central Alberta both in its existing core areas and in other parts of the region.


ALBERTA
Hamburg / Snowfall
Brazeau
Gadsby
Three Hills Creek / Huxley / Twining
Hamburg / Snowfall
3-17
4-8
10-2
16-34
HAMBURG
SNOWFALL
8-6
7-5
Enerpro Chinchaga
T99
T98
R11
R10
R9
R8 W6M
R7
Three Hills Creek / Huxley / Twining
T36
T35
T34
T33
T32
T31
R26
R25
R24
R23W4M
Pipeline
Gauntlet facility
Compression
Well
Nova pipeline
Other pipeline
Other facility

Northern Program

The Company's most dramatic success prior to the latest winter drilling season was the Hamburg 16-34-98-11W6M Slave Point well which began production late in the first quarter of 2001. The well produced at restricted rates with significant variability because of processing issues outside of our control at a third-party field facility. Despite the effect on sales volumes, the well performance remained excellent, producing up to 10 mmcf/d for significant periods, and maintaining its high deliverability capability as predicted from initial testing and analysis.

Two Slave Point gas locations for the latest winter program were spud in Q4 2001. The first was a successful gas well at 4-8-99-10W6M, which was carried 100 percent by Gauntlet. The production from this well will be 100 percent Gauntlet until a significant production penalty is paid out from a non-participating partner's interest, at which point it reverts to 50 percent Gauntlet-owned. This is not expected until the end of 2003. A second Gauntlet well to the north was spud during the past winter and is standing with intermediate casing.

A new Gauntlet operated and majority owned facility at Hamburg 10-2-99-10W6M has been completed and will provide compression and dehydration facilities for both increased production from the 16-34-98-11W6M well and the new 4-8-99-10W6M well. Production from both Hamburg wells through the facility began at the end of Q1 2002.

At Snowfall, the 7-5-99-8W6M well was spud in Q4. This resulted in a successful gas and condensate producer. A second location at 8-6-99-8W6M was drilled subsequent to year end and was abandoned.

At Snowfall, a new 100 percent Gauntlet facility at 7-5-99-8W6M was planned in 2001 and constructed in Q1 2002 to provide gas/liquids separation, dehydration and compression for Gauntlet production from the Snowfall pool. New Gauntlet gas and condensate pipelines to the Chinchaga gas plant 11 kilometres away have also been constructed. Gauntlet production from Snowfall is anticipated to commence by the end of Q2 2002.

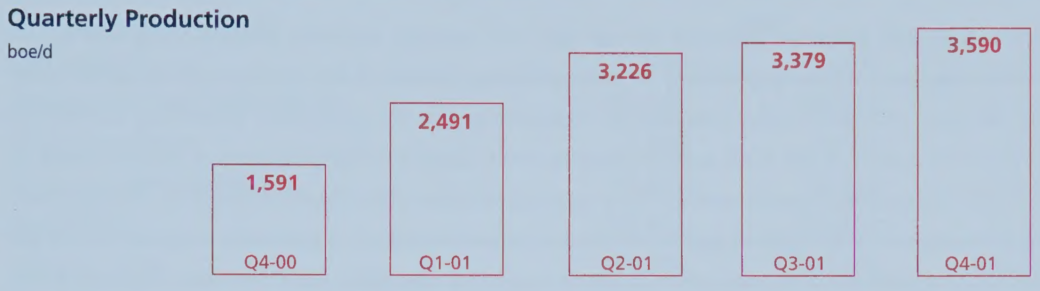
The expected production additions for Gauntlet from the Hamburg and Snowfall area are 20 mmcf/d of sales gas and 500 bbls/d of liquids by the end of Q2 2002.

Other Properties

At Brazeau, a significant de-bottlenecking operation was undertaken in December 2001. Facility modifications and down-hole work were performed to allow better production from the two Gauntlet operated wells in the Shunda gas pool. Production from these wells has responded very positively to the operation.

Other Gauntlet properties continue to provide positive cash flow for the Company. With an ever-increasing focus on core areas in Central Alberta and the North, the Company is considering some selective minor property divestitures to improve operational efficiency.

STEADY PRODUCTION GROWTH



PRODUCTION

Gauntlet added sales volumes over the entire year in 2001. Five consecutive quarters of increasing production were recorded dating back to Q4 2000. Q4 2001 production averaged 3,590 boe/d with a 2001 yearly average of 3,175 boe/d. When on-stream, the additions from the winter 2001/2002 Northern program are expected to more than double production capability of the Company over levels at year-end 2001.

Reserves, Net Asset Value and Finding Costs

Significant reserves were added in 2001. Independent engineering confirmed that proven reserves increased by 150 percent during the year. Corporate finding costs are expected to be the lowest in the industry for a gas-focused western Canadian basin explorer at $2.26 per boe (6 mcf:1 bbl). Gauntlet's two-year average for proven additions is $3.05 per boe. Approximately 75 percent of proved reserves will be producing when the two new Northern wells are on-stream. The significant reserve additions largely reflect the impact of a highly successful exploration and production strategy in the North, which was supported by meaningful finds at moderate depths in Central Alberta.

Gauntlet's production and reserve base is high quality and focused. Gauntlet's year-end 2001 reserve life index is 13.0 years on proven reserves using fourth quarter 2001 average production rates.

Year-end 2001 independent engineer reserves incorporate the effects of the 2001 capital program including the latest available data from the winter drilling program. Highlights of the year's reserves report include:

- Total proven reserves increased by 150 percent year-over-year. New proven gas reserves replaced 2001 gas production by 8 times. Liquids production was replaced 37 times on proven reserves.
- Proven gas reserves have increased year-over-year from 38.3 bcf to 83.1 bcf and proven liquids reserves increased from 427 mbbl to 3,178 mbbl.
- Corporate 2001 F&D costs on proven reserves were $2.26 per boe (6 mcf:1 bbl) and $3.25 per boe (10 mcf:1 bbl).
- 2001 recycle ratio on proven reserves (6 mcf:1 bbl) is estimated at 8.0 on a field netback basis and 6.5 on total cash flow from operations.
- Approximately 75 percent of proven reserves will be in the producing category once new Northern production is fully brought on-stream.
- The net present value (discounted at 10 percent) of the Company's reserves is $168 million for proven and $192 million for established reserves.

Reserves Summary

Gauntlet does extensive field data gathering (pressure surveys and well testing), performs analysis using appropriate techniques and generates its own internal engineering reserves estimates similar to the practices of the largest E&P companies. The data are then provided to the independent engineering firm for evaluation. Gauntlet's experienced engineering team ensures the quality of the third party evaluation meets Gauntlet's high standards of analysis using all available and relevant data. The reserves report is reviewed by a special committee of the Board of Directors. This approach ensures that reserves estimates are of the highest quality and meet or exceed standards employed or contemplated by the industry. A complete and thorough reserves assessment is key to managing Gauntlet's asset base and planning future capital programs.

	Natural Gas (mmcf)			Crude Oil & NGLs (mbbls)		
December 31	**2001**	2000	% Change	**2001**	2000	% Change
Proved	**83,094**	38,343	117	**3,178**	427	644
Probable	**35,979**	13,179	173	**489**	222	120
Total	**119,073**	51,522	131	**3,667**	649	465

Reserves Reconciliation

	Natural Gas (mmcf)			Crude Oil & NGLs (mbbls)		
	Proved	Probable	Total	Proved	Probable	Total
December 31, 1999	9,081	6,182	15,263	616	420	1,036
Discoveries	29,748	8,304	38,052	49	17	66
Production	(2,685)	–	(2,685)	(102)	–	(102)
Revisions	2,199	(1,307)	892	(136)	(215)	(351)
December 31, 2000	38,343	13,179	51,522	427	222	649
Discoveries	51,813	17,868	69,681	2,780	298	3,078
Production	(6,496)	–	(6,496)	(76)	–	(76)
Revisions	(566)	4,932	4,366	47	(31)	16
December 31, 2001	83,094	35,979	119,073	3,178	489	3,667

Reserves Discounted Cash Flows

(at December 31, before income taxes, $000's)	**2001**		2000	
Discount rate	**10%**	**15%**	10%	15%
Proved	**168,062**	**138,775**	107,106	97,378
Probable	**47,826**	**35,980**	20,306	15,960
Total proved + probable	**215,888**	**174,755**	127,412	113,338
Total proved + 1/2 probable	**191,975**	**156,765**	117,259	105,358

Based on Outtrim Szabo pricing

Net Asset Value

(before income taxes, $000's)	**2001**		2000	
Discount rate	**10%**	**15%**	10%	15%
Reserves discounted cash flow (1)	**191,975**	**156,765**	117,259	105,358
Undeveloped land	**5,165**	**5,165**	4,130	4,130
Working capital (deficiency)	**(3,843)**	**(3,843)**	(5,429)	(5,429)
Bank debt	**(22,971)**	**(22,971)**	(13,430)	(13,430)
Net asset value	**170,326**	**135,116**	102,530	90,629
Net asset value per share, basic	**11.68**	**9.26**	7.37	6.51
Net asset value per share, diluted (2)	**9.79**	**7.82**	6.03	5.36
Number of shares outstanding, basic	**14,588**	**14,588**	13,918	13,918
Number of shares outstanding, diluted	**17,860**	**17,860**	17,639	17,639

(1) Based on Outtrim Szabo pricing using proved + 1/2 probable.

(2) Diluted figure includes the proceeds from exercise of stock options and common share purchase warrants of $4.6 million in 2001 ($3.9 million - 2000).

Pricing Forecasts

(Outtrim Szabo)

	Alberta Field Spot Price (CDN$/mcf)	WTI at Cushing (US$/bbl)	Edmonton Oil Price (CDN$/bbl)
2002	4.12	20.50	31.13
2003	4.39	20.81	31.09
2004	4.43	21.12	31.05
2005	4.42	21.44	31.02
2006	4.47	21.76	31.48
2007	4.55	22.08	31.96
2008	4.64	22.42	32.44
2009	4.70	22.75	32.92
2010	4.76	23.09	33.42
2011	4.82	23.44	33.92

OVERVIEW

The year 2001 was the second full year of operations implementing Gauntlet's strategy of internally generating quality natural gas prospects, managing the associated drilling risk and efficiently bringing new reserves on stream. The Company's financial performance reflects the positive impact of the successful implementation of this strategy, which has led to significant amounts of new gas production being brought on stream over the last 15 months combined with the overall efficiency of our exploration and development activities.

RESULTS OF OPERATIONS

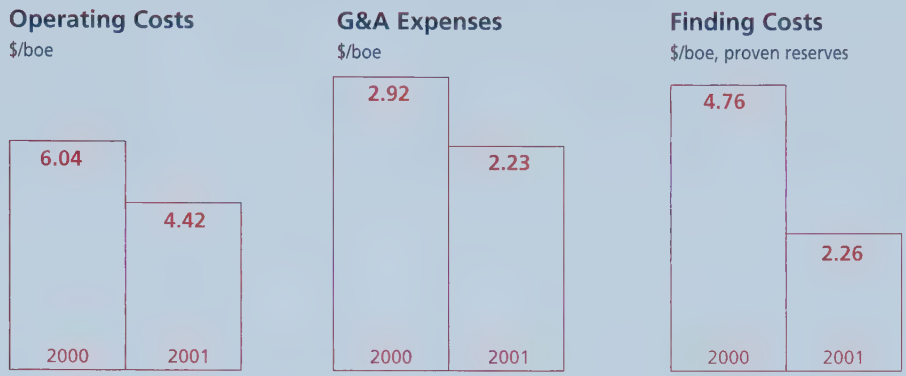
Petroleum and Natural Gas Sales

Petroleum and natural gas sales for the year ended December 31, 2001 increased by 79 percent over 2000 levels due to the 142 percent increase in natural gas sales volumes more than offsetting the 14 percent decline in the average natural gas prices received by the Company. Natural gas prices were highest in the first quarter of 2001 and steadily declined from there as the Company added new production throughout the year. The increase in natural gas production for the year came from the new production volumes added in Central Alberta, at Three Hills Creek, Huxley and Twining, and the Hamburg discovery in Northern Alberta. The increase in sales was also mitigated by lower oil and NGL sales related primarily to normal production declines and the 15 percent reduction in the average price received for oil and NGL production during the year.

Production volumes rose steadily over the year as evidenced by the Q4 2001 average rate of 3,590 boe/d compared to the Q4 2000 rate of 1,591 boe/d and the annualized rate for 2001 of 3,175 boe/d. Production volumes for Q1 2002 are expected to be marginally lower than Q4 2001 due to downtime at Hamburg caused by the logging and pressure survey operations, new facility commissioning and the Chinchaga gas plant turn-around that impacted production for the last half of March.

We expect petroleum and natural gas sales for 2002 to grow dramatically due to a full year's production from the 2001 discoveries combined with the Q1 2002 drilling successes in Northern Alberta that will be brought on stream throughout the first half of 2002. This increase in sales assumes higher production volumes and an expected reduction in commodity prices of approximately 20 percent from 2001 average levels.

EFFECTIVE COST CONTROLS



Royalties and the Alberta Royalty Tax Credit (ARTC)

For the year ended December 31, 2001, royalty expense increased by 80 percent over the corresponding period in 2000, in line with the 79 percent increase in sales. The average royalty rate increased slightly to 24.7 percent in 2001 from 24.5 percent in 2000.

The total claim for ARTC in 2001 was $500,000, which represents the maximum available given the 25 percent rate of entitlement during the year. This was lower than the amount recorded in 2000 due to the rate being 28.4 percent in Q1 2000 combined with the booking of some favorable prior year adjustments.

Given current pricing levels, we expect royalty rates to remain in line with 2001 rates with the absolute number increasing to reflect increased sales. As in 2001, we expect to exceed the $2.0 million cap on eligible Crown royalties and accordingly expect our ARTC claim to be $500,000 assuming a 25 percent ARTC rate.

Operating Expenses

Total operating expenses increased 55 percent for the year ended December 31, 2001 as compared to 2000 as production on a boe basis increased 111 percent year over year. Operating costs on a unit of production basis (6 mcf:1 bbl) decreased to $4.42 per boe in 2001 from $6.04 in 2000 due to lower unit costs at our new Central Alberta facilities and at Hamburg.

Operating expenses for 2002 are expected to increase along with the increase in production during the year. Operating costs on a boe basis are expected to continue to show improvement due to the production growth coming from higher productivity wells where we now control much of the infrastructure.

General and Administrative Expenses

General and administrative expenses increased 61 percent to $2.6 million ($2.23/boe) in 2001 from $1.6 million ($2.92/boe) in 2000. The increase relates directly to the higher employee costs, including salary increases, incentive bonuses and staffing levels. The Company capitalized $2.0 million of general and administrative expenses directly attributable to exploration and development activities in 2001 versus $936,000 in 2000.

With the increase in activity associated with the $40.0 million capital budget for 2002 we expect a small increase in staffing levels and accordingly a marginal increase in general and administrative costs. Given the increased production levels, we expect general and administrative expense on a boe basis to decline significantly.

Interest Expense

Interest expense rose from $623,000 in the year 2000 to $1,063,000 in 2001. The increase was due to higher average levels of debt in 2001 versus 2000 mitigated by much lower interest rates in 2001.

Interest expense is expected to increase marginally as debt levels are expected to remain near year-end levels. The 2002 capital budget will be funded mostly by cash flow and the proceeds from the recent equity financing limiting the use of bank debt during 2002.

Depletion and Depreciation Expense

The charge for depletion and depreciation for 2001 was $6.6 million ($5.71/boe) as compared to $3.8 million ($6.86/boe) for 2000. The 75 percent increase in the total provision was due to the 111 percent increase in production on a boe basis offset by the reduced rate per boe. The depletion and depreciation rate per boe dropped by 17 percent over the entire year and 36 percent for the fourth quarter ($4.32/boe – Q4 2001 vs. $6.73/boe – Q4 2000) on the strength of the reserve additions booked in 2001.

The 2001 depletion and depreciation expense includes the site restoration expense of $81,000 compared to $57,000 in 2000. The total estimate of future site restoration costs is $1.2 million ($1.1 million – 2000).

Higher expected production levels in 2002 will lead to higher depletion and depreciation expense. Unit costs, while dependent on the success of the 2002 capital expenditure program, will be positively impacted by the current base of $4.32/boe.

Income Taxes

With the exception of the various capital taxes, the Company had no cash taxes payable for the year ended December 31, 2001 and 2000. The provision for future income taxes for 2001 included a $93,000 downward adjustment to account for the income tax rate reduction enacted by the Alberta provincial government in the first half of the year.

Given the tax pools currently available and the Company's planned capital expenditure program, the Company estimates it will have tax deductions available to offset taxable income of approximately $27 million in 2002.

Income Tax Pools

At December 31, 2001, the Company estimates its tax pools are approximately $43.1 million (2000 – $35.5 million).

$ millions	**2001**	2000
Canadian Oil & Gas Property Expense	**14.3**	9.3
Canadian Development Expense	**10.3**	8.1
Canadian Exploration Expense	**4.9**	6.8
Undepreciated capital cost	**13.2**	10.6
Share issue costs	**0.4**	0.7
	43.1	35.5

Cash Flow from Operations

The Company's cash flow from operations increased 84 percent to $17.2 million in 2001 from $9.4 million in 2000. Cash flow per share increased to $1.21 ($1.05 – diluted) in 2001 from $0.67 ($0.65 – diluted) in 2000. The increase in cash flow was due primarily to the jump in natural gas production and the improving overall cost structure of the Company.

Based on current commodity prices, expected production increases and the existing cost structure, cash flow for 2002 is expected to improve in absolute terms and on a per share basis.

Cash Flow and Netbacks

	2001		2000	
	$000's	**$/boe**	$000's	$/boe
Petroleum and natural gas sales	**34,051**	**29.38**	19,060	34.69
Royalties	**(8,397)**	**(7.25)**	(4,664)	(8.49)
ARTC	**500**	**0.43**	618	1.12
Operating expense	**(5,127)**	**(4.42)**	(3,317)	(6.04)
Field netback	**21,027**	**18.14**	11,697	21.28
General and administrative expense	**(2,588)**	**(2.23)**	(1,606)	(2.92)
Interest expense	**(1,063)**	**(0.92)**	(623)	(1.13)
Capital taxes	**(161)**	**(0.14)**	(88)	(0.16)
Cash flow from operations	**17,215**	**14.85**	9,380	17.07

Net Income

The Company's earnings increased 85 percent to $5.9 million in 2001 from $3.2 million in 2000. Earnings per share increased to $0.41 ($0.36 – diluted) in 2001 from $0.23 ($0.22 – diluted) in 2000. The increase in earnings was due to the increase in petroleum and natural gas sales, higher volumes despite lower prices, as well as improvements in the Company's overall cost structure, particularly operating costs and depletion and depreciation rates.

Based on current commodity prices, expected production increases and the existing cost structure, earnings for 2002 are also expected to improve in absolute terms and on a per share basis.

Quarterly Information

Quarterly results - 2001	Q1	Q2	Q3	Q4
FINANCIAL				
Petroleum and natural gas sales	11,472,603	10,041,208	6,078,918	6,457,979
Cash flow from operations	6,603,062	5,104,999	2,197,014	3,310,167
Per share (basic)	0.47	0.36	0.15	0.23
Per share (diluted)	0.40	0.30	0.13	0.20
Net income	2,657,011	1,897,838	105,014	1,219,667
Per share (basic)	0.19	0.13	0.01	0.08
Per share (diluted)	0.16	0.11	0.01	0.07
Capital expenditures	11,325,968	3,022,875	5,875,395	5,628,335
Total debt (including working capital deficiency)	23,317,084	21,232,379	24,870,760	26,814,255
OPERATING				
Production				
Natural gas (mcf/d)	13,614	18,101	19,042	20,342
Oil and NGLs (bbls/d)	222	209	206	200
Equivalent (boe/d)(6:1)	2,491	3,226	3,379	3,590
Average selling prices				
Natural gas ($/mcf)	8.71	5.69	3.09	3.24
Oil and NGLs ($/bbl)	39.90	35.58	34.75	21.91
Equivalent ($/boe)(6:1)	51.17	34.21	19.55	19.55

Quarterly results - 2000	Q1	Q2	Q3	Q4
FINANCIAL				
Petroleum and natural gas sales	3,441,938	3,496,446	4,372,605	7,749,087
Cash flow from operations	1,605,378	1,598,274	2,150,401	4,026,044
Per share (basic)	0.11	0.11	0.15	0.29
Per share (diluted)	0.09	0.11	0.15	0.27
Net income	285,988	373,004	613,760	1,912,713
Per share (basic)	0.02	0.03	0.04	0.14
Per share (diluted)	0.02	0.03	0.04	0.13
Capital expenditures	6,011,703	5,636,352	5,057,339	8,313,017
Total debt (including working capital deficiency)	7,646,432	11,684,510	14,584,309	18,859,282
OPERATING				
Production				
Natural gas (mcf/d)	7,564	6,455	7,024	8,288
Oil and NGLs (bbls/d)	368	298	240	210
Equivalent (boe/d)(6:1)	1,629	1,374	1,411	1,591
Average selling prices				
Natural gas ($/mcf)	3.20	4.22	5.35	9.10
Oil and NGLs ($/bbl)	37.01	37.39	41.44	41.95
Equivalent ($/boe)(6:1)	23.22	27.96	33.69	52.94

LIQUIDITY AND CAPITAL RESOURCES

The combined debt and working capital deficiency stood at $26.8 million at December 31, 2001 as compared to $18.9 million at December 31, 2000. The $7.9 million increase in total debt compares favorably with the $15.7 million increase between 1999 and 2000. Gauntlet's increased cash flow, attributed to production growth, led to a comparatively smaller portion of 2001 capital expenditures funded by lines of credit. In 2001 over 66 percent of the capital expenditures were financed with cash flow as opposed to only 37 percent in 2000. The year-end total debt level reflects a debt-to-cash flow ratio of 1.6 times (2.0 times – 2000).

The Company has a revolving line of credit from its secured lender in the amount of $32.0 million ($20.0 million – 2000). The line of credit bears interest at the lenders prime rate plus 0.25 percent on regular advances. Of the total available credit line, one half or $16.0 million ($7.5 million – 2000) can be drawn pursuant to the lender's guaranteed note program. These draws bear interest at 1.25 percent above the guaranteed note rate base, which is generally more than 1 percent below the lender's prime rate. The Reserve Report effective December 31, 2001 has been presented to the lender who has confirmed an approximate doubling of the current borrowing base.

On March 20, 2002 the Company closed a private placement financing whereby the Company issued 2,500,000 common shares at a price of $7.15 per common share. The net proceeds from the financing were immediately used to pay down the existing credit line and will be used to help finance the $40.0 million capital budget for 2002 approved by the Board of Directors of the Company.

At December 31, 2001, the Company had the following securities outstanding: 14,587,718 common shares (13,917,878 – 2000), 1,478,844 common share purchase warrants (1,904,100 – 2000) exercisable at a price of $1.00 per share, all of which are now exercisable (1,203,900 – 2000), and 1,793,500 options (1,816,833 – 2000) which are exercisable at an average price of $1.74 ($1.10 – 2000) per share.

Capital Expenditures

($000's)	**2001**	2000
Exploration and development		
Land	**6,484**	3,529
Seismic	**1,207**	1,027
Drilling and completion	**9,991**	11,288
Equipment and production facilities	**6,144**	8,135
Overhead capitalized	**1,990**	936
Other equipment	**37**	103
	25,853	25,018

OUTLOOK

Drilling locations in both Central Alberta and the Northern core areas are being finalized for 2002/2003 and we anticipate substantial production increases from an already active year. The Board of Directors has approved a $40.0 million capital budget that will be funded from cash flow and the proceeds from the recently closed equity financing. With the health of the balance sheet and a successful business model, new gas-focused core area initiatives are also being pursued.

Based on the drilling successes to date and prevailing commodity prices the Company is once again poised to set new corporate highs for the financial measures of revenues, cash flow and earnings in the upcoming year. In addition, the strong share price and the improved borrowing base provides Gauntlet with unprecedented financial flexibility going forward.

RISK MANAGEMENT

There are a number of risks facing participants in the Canadian oil and gas industry. Some of the risks are common to all businesses while others are specific to the sector.

Exploration Risk

There is no guarantee that economic volumes of hydrocarbon reserves will be encountered when drilling. Technology is used at all stages of exploration and development activity in order to mitigate risks and improve the opportunity for success. Gauntlet's exploration strategy is based on improving those odds by targeting reservoir types that are known to be more plentiful in the western Canadian sedimentary basin. Gauntlet also monitors exploration risk and pursues a balance of medium risk targets that limit the capital exposure of any one well.

Commodity Risks

Being a commodity-based industry, producers do not control the price received for the commodities produced. This results in a risk that prices can fall below the cost to find and recover the reserves. Gauntlet's focus on efficient timing from discovery to delivery and continuous attention to maintaining low controllable costs serve to improve the margins regardless of the stage of commodity price cycle. In addition, Gauntlet's success to date has helped to reduce its cost of capital, further improving margins.

Financial and Liquidity Risks

The capital-intensive nature of oil and gas exploration and development results in a risk of capital availability. Gauntlet's risk management program is based on assuming low success rates and planning for the most difficult circumstances in order to ensure access to capital is maintained to support a growth program. Capital markets form another aspect of risk because the importance of access to them, when appropriate, in order to augment cash flow and bank sources of capital.

Environmental and Safety Risks

Gauntlet complies with all provincial and federal environmental and safety regulations as well as carrying appropriate insurance to cover the risks associated with its activities in the field. Changes in regulatory standards can add to the cost of doing business.

Economic and Inflation Risks

The general state of the economy and particularly, the rate of inflation can add or detract from the profitability of the oil and gas industry. Increasing inflation can result in increased supplier and service company costs and reduce the Company's cash netbacks.

Supply of Service and Production Equipment

The availability of reliable, high quality but economic drilling, service and production equipment is key to maintaining a reasonable cost base. The level of competition in the industry results in reasonable costs and quality service from suppliers. Gauntlet maintains good relationships with its supplier base in order to maintain reliable availability of services.

Human Resource Supply

Gauntlet is growing and will continue to add high-calibre people in order to maintain its activity level and meet its targets. The Company's success will be dependent on being able to add these resources when needed for orderly growth. Despite being a young company, Gauntlet has focused on creating an atmosphere where people enjoy working and ensuring that compensation supports a commitment to the Company and a strong sense of being part of a team. The challenge as the Company grows will be to retain what is now in place.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

All of the information in this annual report is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information elsewhere in the annual report has been reviewed to ensure consistency in all material respects with that in the consolidated financial statements.

The Company maintains appropriate systems of internal control to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records provide reliable and accurate information for the preparation of financial statements.

Deloitte & Touche LLP, an independent firm of chartered accountants, has been engaged to examine the consolidated financial statements and provide their auditor's report. Their report is presented with the consolidated financial statements.

The directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The directors exercise this responsibility through the audit committee. This committee, which is comprised of directors who are not employees of the Company, meets with management and the external auditors to satisfy itself that management responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the directors for approval. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the audit committee.

Laurie Sibbald, *President and CEO*

John Kalman

John Kalman, *Vice-President, Finance and CFO*

March 8, 2002

AUDITORS' REPORT

To the Shareholders of

Gauntlet Energy Corporation:

We have audited the consolidated balance sheets of Gauntlet Energy Corporation as at December 31, 2001 and 2000 and the consolidated statements of operations and retained earnings and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Calgary, Alberta
March 8, 2002

December 31	**2001**	2000
	$	$
ASSETS		
CURRENT		
Accounts receivable	**3,593,566**	5,389,397
Prepaid expenses and deposits	**503,829**	254,832
	4,097,395	5,644,229
Property and equipment (Note 3)	**61,512,152**	42,266,273
	65,609,547	47,910,502
LIABILITIES		
CURRENT		
Bank indebtedness	**407,627**	916,687
Accounts payable and accrued liabilities	**7,532,928**	10,156,664
	7,940,555	11,073,351
Bank debt (Note 4)	**22,971,095**	13,430,160
Provision for future site restoration	**349,430**	337,412
Future income taxes (Note 6)	**7,305,000**	2,588,000
	38,566,080	27,428,923
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	**18,850,479**	18,168,121
Retained earnings	**8,192,988**	2,313,458
	27,043,467	20,481,579
	65,609,547	47,910,502

Approved by the Board

Allan Twa, *Director*

Laurie Sibbald, *Director*

Years Ended December 31	**2001**	2000
	$	$
REVENUE		
Petroleum and natural gas sales	**34,050,708**	19,060,076
Royalties	**(8,397,016)**	(4,664,356)
Alberta royalty tax credit	**500,000**	617,700
	26,153,692	15,013,420
EXPENSES		
Operating	**5,126,614**	3,316,832
General and administrative	**2,587,715**	1,605,393
Interest on long-term debt	**1,062,691**	623,203
Depletion and depreciation	**6,618,712**	3,771,632
	15,395,732	9,317,060
INCOME BEFORE TAXES	**10,757,960**	5,696,360
Capital taxes	**161,430**	87,895
Future income tax expense (Note 6)	**4,717,000**	2,423,000
	4,878,430	2,510,895
NET INCOME	**5,879,530**	3,185,465
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	**2,313,458**	(872,007)
RETAINED EARNINGS, END OF YEAR	**8,192,988**	2,313,458
NET INCOME PER SHARE		
Basic	**0.41**	0.23
Diluted	**0.36**	0.22
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	**14,224,611**	13,903,239
Diluted	**16,331,698**	14,388,556

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31	**2001**	2000
	$	$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net income	**5,879,530**	3,185,465
Adjustments for:		
Depletion and depreciation	**6,618,712**	3,771,632
Future income tax expense	**4,717,000**	2,423,000
Cash flow from operations	**17,215,242**	9,380,097
Changes in non-cash working capital	**409,666**	(317,368)
	17,624,908	9,062,729
FINANCING		
Proceeds from exercise of options	**257,801**	19,139
Proceeds from exercise of common share purchase warrants	**425,256**	–
Share issue costs – private placement	**(699)**	(10,000)
Net increase in bank debt	**9,540,935**	11,180,160
	10,223,293	11,189,299
INVESTING		
Petroleum and natural gas properties and equipment	**(25,852,573)**	(25,018,411)
Changes in non-cash investing working capital	**(1,486,568)**	4,406,241
	(27,339,141)	(20,612,170)
NET CASH INFLOW (OUTFLOW)	**509,060**	(360,142)
BANK INDEBTEDNESS, BEGINNING OF YEAR	**(916,687)**	(556,545)
BANK INDEBTEDNESS, END OF YEAR	**(407,627)**	(916,687)
CASH FLOW FROM OPERATIONS PER SHARE		
Basic	**1.21**	0.67
Diluted	**1.05**	0.65

1. INCORPORATION

On October 5, 1999, the Company's name was changed to Gauntlet Energy Corporation from Scorpion Energy Corporation ("SEC") as part of the plan to recapitalize the Company and install a new management team. SEC was the surviving corporation resulting from the amalgamation on January 1, 1999 of the original Scorpion Energy Corporation (formerly Midas Resources Ltd.) and its wholly-owned subsidiary Scorpion Energy Inc. ("INC").

In July, 1998, Midas Resources Ltd. ("Midas"), a public company listed on the Toronto Stock Exchange acquired all of the outstanding shares of INC. The former shareholders of INC, as a group, received more than 50% of the shares of the combined entity and accordingly, the transaction was accounted for as a reverse take-over. As a result, the acquirer for accounting purposes was INC and the results of operations reflect those of INC for the year ended December 31, 1998 and those of Midas from the date of the reverse take-over. Upon completion of this transaction, Midas changed its name to Scorpion Energy Corporation.

INC was originally incorporated on August 6, 1996 as 705491 Alberta Ltd. under the Business Corporations Act (Alberta) and commenced active operations in January, 1997 as INC.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Abaris Resources Corporation ("Abaris"). Abaris is inactive and is expected to be dissolved during 2002.

Capitalized costs

The Company follows the full cost method of accounting for oil and gas operations, whereby all costs of exploring and developing oil and gas properties and related reserves are capitalized into a single Canadian cost centre. Such costs include land acquisition costs, geological and geophysical expenses, direct general and administrative charges, lease rentals on non-producing properties and the costs of drilling both productive and non-productive wells, including production equipment. Proceeds from property dispositions are credited to the capitalized costs, with no gain or loss recognized unless such dispositions would alter the rate of depletion and depreciation by 20% or more.

Joint interests

A significant portion of the Company's exploration, development and production activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate share in such activities.

Depletion and depreciation

The costs related to petroleum and natural gas properties are depleted on the unit-of-production method based on the estimated proven reserves as determined by independent consultants, before deduction of royalties and after conversion to units of common measure based on relative energy content. The depletion and depreciation cost base includes total capitalized costs plus estimated future development costs less the cost of undeveloped properties and estimated future salvage values.

Non-oil and gas assets, net of salvage values, are depreciated over the remaining useful lives of the assets ranging from three to seven years.

Future site restoration and abandonment costs

Estimates of future site restoration and abandonment costs are provided for over the life of proved reserves using the unit-of-production method. The annual provision is recorded as additional depletion and depreciation. The accumulated charges, less actual costs incurred, are reflected on the balance sheet as the provision for future site restoration.

Ceiling test

The carrying value of the Company's petroleum and natural gas property and equipment is compared to an estimate of future net cash flow based on year end prices and costs from the production of proven reserves, plus the cost of undeveloped properties net of impairment, less future site restoration and abandonment costs, general and administrative expenses, financing costs, development costs of proven undeveloped reserves, and income taxes. Should this comparison indicate an excess carrying value, a write-down would be recorded. Costs of undeveloped properties are evaluated separately for impairment.

Future income taxes

The Company accounts for future income taxes using the liability method. Under this method, future income tax assets and liabilities are measured based upon temporary differences between the carrying values of assets and liabilities and their tax basis. Future income tax expense (recovery) is computed based on the change during the year in the future tax assets and liabilities. Effects of changes in tax laws and tax rates are recognized when substantially enacted.

Flow-through special warrants and common shares

The Company has in the past issued flow-through special warrants and common shares, wherein the tax pools of the related expenditures were renounced to the subscribers. The estimated value of the tax pools foregone was reflected as a reduction in share capital and a corresponding increase in future income tax liability when the related expenditures were incurred.

Financial instruments

The fair market value of financial instruments consisting of bank indebtedness, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature. The bank debt bears interest at a floating market rate, accordingly, the carrying value approximates the fair value.

Stock options

The Company has a stock option plan, as per Note 5, under which all employees, officers and directors are eligible. No compensation expense is recognized when stock options are issued to employees. The proceeds received upon the exercise of stock options are credited to share capital.

Revenue recognition

Petroleum and natural gas sales are recognized when the commodities are sold.

Per share amounts

Basic net income and cash flow from operations per share is calculated using the weighted average number of common shares outstanding during the period. Diluted net income and cash flow from operations per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional common shares that would have been outstanding if potentially dilutive common shares had been issued using the "treasury stock" method.

Effective January 1, 2001, the Company retroactively adopted the recommendations of the new CICA Handbook section 3500 for calculating earnings per share. Under the revised standard, the treasury stock method is used instead of the imputed earnings approach for determining the dilutive effect of options and warrants issued. Prior to the adoption of the new recommendations diluted per share amounts were determined using the imputed earnings method. If the imputed earnings method were utilized, diluted net income per share would have been $0.34 for 2001 ($0.19 in 2000). Diluted cash flow from operations per share would have been $1.00 for 2001 ($0.55 in 2000).

3. PROPERTY AND EQUIPMENT

2001	**Cost** **$**	**Accumulated Depletion and Depreciation** **$**	**Net Book Value** **$**
Petroleum and natural gas properties	**62,953,074**	**17,660,086**	**45,292,988**
Production facilities and equipment	**21,922,501**	**5,872,787**	**16,049,714**
Other fixed assets	**380,597**	**211,147**	**169,450**
	85,256,172	**23,744,020**	**61,512,152**

2000	Cost $	Accumulated Depletion and Depreciation $	Net Book Value $
Petroleum and natural gas properties	43,718,589	12,924,084	30,794,505
Production facilities and equipment	15,410,860	4,120,787	11,290,073
Other fixed assets	342,631	160,936	181,695
	59,472,080	17,205,807	42,266,273

Undeveloped properties in the amount of $5,164,000 were not subject to depletion during the year ended December 31, 2001 (2000 - $4,130,000).

The Company capitalized general and administrative costs related directly to exploration and development activities in the amount of $1,989,895 for the year ended December 31, 2001 (2000 - $935,711).

4. BANK DEBT

The Company has a revolving production loan facility with a lender, having an authorized limit of $32.0 million. The facility may be drawn down by way of direct advances or guaranteed notes.

The advances bear interest at prime plus 1/4%. The guaranteed notes are available to a maximum of $16.0 million, have maturity dates of up to 180 days and bear interest at 1 1/4% above the guaranteed note rate. Under the facility the Company can issue letters of credit to a maximum of $250,000 for a fee of 2%.

The credit facility is subject to annual review with the next scheduled review date being June 30, 2002. Due to the revolving nature of the credit facility, it will continue to be renewed provided the Company remains in compliance with the lending agreement and has sufficient assets to secure the loan.

As security for the loan, the Company has provided a $50.0 million demand debenture providing a fixed charge on certain petroleum and natural gas properties and a floating charge over all assets of the Company, a general security agreement providing coverage over all personal property, a guaranteed note revolving loan agreement in the amount of $16.0 million and a revolving loan agreement and promissory note in the amount of $32.0 million.

As at December 31, 2001, the Company had drawn as direct advances $7,062,500 (2000 - $7,642,500) and as guaranteed notes $15,908,595 (2000 - $ 5,787,660) against its revolving production loan facility. In addition, the lender has issued on behalf of the Company, letters of guarantee totalling $7,500 (2000 - $7,500).

5. SHARE CAPITAL

	Number of Shares	Amount $
Authorized		
Unlimited number of common shares without nominal or par value		
Unlimited number of first preferred shares issuable in series		
Common shares issued		
Balance, December 31, 1999	14,056,692	18,158,982
Exercise of stock options	17,666	19,139
Cancellation of shares – re: shareholder loans (i)	(156,480)	–
Share issue costs – private placement, net of tax	–	(10,000)
Balance, December 31, 2000	13,917,878	18,168,121
Exercise of stock options	244,584	257,801
Exercise of common share purchase warrants	425,256	425,256
Share issue costs – private placement, net of tax	–	(699)
Balance, December 31, 2001	14,587,718	18,850,479

(i) Loans to former officers and the directors of the Company were retired during 2000 through the return and cancellation of common shares that had secured these loans.

Common share purchase warrants

	Number of Warrants	Price Per Warrant $	Proceeds on Exercise $
Class A			
Balance, December 31, 2000	1,203,900	1.00	1,203,900
Exercised	(239,170)	1.00	(239,170)
Balance, December 31, 2001	964,730	1.00	964,730
Class B			
Balance, December 31, 2000	350,100	1.00	350,100
Exercised	(94,810)	1.00	(94,810)
Balance, December 31, 2001	255,290	1.00	255,290
Class C			
Balance, December 31, 2000	350,100	1.00	350,100
Exercised	(91,276)	1.00	(91,276)
Balance, December 31, 2001	258,824	1.00	258,824

As of December 31, 2001, all of the conditions for exercise of the common share purchase warrants had been met and accordingly they are fully exercisable.

Stock options

During 2001, the Company issued options to purchase 535,000 common shares (2000 – 435,000) to employees, officers and directors at an average price of $3.20 per share. The stock options vest over three years, with 25% vesting immediately upon grant and the balance equally on the anniversary date over the next three years.

	Number of Options	Price Per Option $	Proceeds On Exercise $
Balance, December 31, 1999	1,399,499	0.80-1.26	1,398,339
Granted	435,000	1.00-1.75	621,750
Exercised	(17,666)	1.00-1.26	(19,139)
Balance, December 31, 2000	1,816,833	0.80-1.75	2,000,950
Granted	535,000	3.12-3.30	1,709,700
Cancelled	(313,749)	1.00-1.55	(334,374)
Exercised	(244,584)	0.84-1.55	(257,801)
Balance, December 31, 2001	1,793,500	0.80-3.30	3,118,475

Additional details on the Company's stock options outstanding at December 31, 2001 are as follows:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices ($/share)	Number of Options	Weighted Average Exercise Price ($/share)	Weighted Average Years to Expiry	Number of Options	Weighted Average Exercise Price ($/share)
0.80	10,500	0.80	6.7	10,500	0.80
1.00	1,025,500	1.00	2.8	710,500	1.00
1.55	72,500	1.55	3.8	30,000	1.55
1.75	150,000	1.75	3.8	75,000	1.75
3.12	310,000	3.12	4.8	77,500	3.12
3.30	225,000	3.30	5.0	56,250	3.30
0.80-3.30	1,793,500	1.74	3.5	959,750	1.38

6. FUTURE INCOME TAXES

The provision for future income tax expense varies from the amount that would be computed by applying the combined federal and provincial income tax rates of 42.62% (2000 – 44.62%) to the income before taxes as shown below:

	2001	2000
	$	$
Computed income tax expense	**4,585,000**	2,542,000
Changes resulting from:		
Non-deductible crown charges, net of ARTC	**2,488,000**	1,009,000
Resource allowance	**(2,282,000)**	(1,138,000)
Change in tax rate	**(93,000)**	–
Other	**19,000**	10,000
	4,717,000	2,423,000

The major components of the future income tax liability at December 31 using the combined federal and provincial income tax rate of 42.62% (2000 – 44.62%) are as follows:

	Future Tax Asset (Liability)	
	2001	2000
	$	$
Property and equipment	**(8,022,000)**	(3,326,000)
Future site restoration	**149,000**	151,000
Share issue costs	**165,000**	313,000
Other deductible temporary differences	**403,000**	274,000
Balance, December 31	**(7,305,000)**	(2,588,000)

7. COMMITMENTS

As at December 31, 2001, the Company has future minimum lease payments for office space and has future minimum firm service natural gas transmission commitments having estimated annual costs as follows:

	Office Space	Gas Transmission
	$	$
2002	164,900	2,035,558
2003	–	2,029,192
2004	–	1,282,920
2005	–	458,570
2006	–	88,440

8. SEGMENTED INFORMATION

The Company operated in only one business segment as its operating activities are related to exploration, development and production of petroleum and natural gas in Canada.

9. SUPPLEMENTARY CASH FLOW INFORMATION

	2001	2000
	$	$
Cash taxes paid	**92,367**	41,195
Cash interest paid	**1,020,740**	620,822

10. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

11. SUBSEQUENT EVENT

Subsequent to year end the Company entered into an agreement with a syndicate of Canadian underwriters to issue, by way of a private placement, up to 2,500,000 common shares at a price of $7.15 per common share. The financing is scheduled to close on March 20, 2002, subject to regulatory approval and completion of definitive documentation.

MANAGEMENT & DIRECTORS

Laurie Sibbald, Ph.D, P.Eng.	*President & CEO, Director*
John Kalman, C.A.	*Vice President, Finance & CFO, Director*
Thomas Andrews, P.Geoph.	*Vice President, Exploration*
Gordon Van Ee, B.Sc., P.Eng.	*Vice President, Production*
Steven Nielsen, C.A.	*Controller*
Ken Rossi	*Manager, Land*
Robert Phelps, P.Geol., C.P.G.	*Exploration Manager, Northern*
Rick Musial	*Exploration Manager, West Central*
Murray Spelrem	*Exploration Manager, Southern*
Vern Saruk	*Manager, Engineering*
Gary Bugeaud	*Corporate Secretary*
Mac Van Wielingen	*Chairman of the Board*
Barry W. Harrison	*Director*
B.J. Seaman, P.Eng.	*Director*
Allan R. Twa	*Director*

AUDITORS

Deloitte & Touche LLP
3000, 700 - 2 Street SW
Calgary, Alberta T2P 0S7

INDEPENDENT ENGINEERS

Outtrim Szabo Associates Ltd.
1430, 311 - 6 Avenue SW
Calgary, Alberta T2P 3H2

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP
1400, 350 - 7 Avenue SW
Calgary, Alberta T2P 3N9

BANKERS

Alberta Treasury Branch
239 - 8 Avenue SW
Calgary, Alberta T2P 1B9

HEAD OFFICE

Suite 900, 407 - 2 Street SW
Calgary, Alberta T2P 2Y3
telephone: (403) 216-8660
facsimile: (403) 216-8661
e-mail: info@gauntlet-energy.com

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Trading Symbol: GAU

TRANSFER AGENT

Computershare Trust Company of Canada
530 - 8 Avenue SW
Calgary, Alberta T2P 3S8

ABBREVIATIONS

bbls	barrels
bbls/d	barrels per day
bcf	billion cubic feet
boe	barrels of oil equivalent (6 mcf to 1 bbl)
mbbls	thousands of barrels
mboe	thousands of barrels of oil equivalent
mcf	thousands of cubic feet
mcf/d	thousands of cubic feet per day
mmcf	millions of cubic feet
mmcf/d	millions of cubic feet per day
NGL	natural gas liquids

ANNUAL AND SPECIAL MEETING

The annual and special meeting of shareholders for Gauntlet Energy Corporation will take place on Wednesday, June 12, 2002 at 3:00 pm in the Imperial Ballroom at the Hyatt Regency, 700 Centre Street S., Calgary. All shareholders are welcome to attend. If unable to, shareholders are encouraged to fill out the form of proxy and return it to Computershare.

Concept and Development: Melnyk Cary & Associates Ltd. and Content Incorporated. Printed in Canada by Sundog Printing.

Gauntlet
Energy Corporation

Suite 900, 407 - 2 Street SW

Calgary, Alberta T2P 2Y3

telephone: (403) 216-8660

facsimile: (403) 216-8661

e-mail: info@gauntlet-energy.com